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SUBJECT: Throne Speech To Be Overshadowed by Finance Minister's Resignation

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1. (U) A widely anticipated self-congratulatory provincial Liberal government throne speech today (October 12) to mark Premier McGuinty's mid-term and set the tone for the next election in October 2007 will likely be overshadowed by the resignation, announced last night, of Ontario Finance Minister Greg Sorbara. Sorbara was named in a criminal RCMP fraud warrant for activities during the time he served as a director of Royal Group Technologies. This company specializes in plastic building products and its founder, Vic Den Zen had some questionable dealings with a St Kitts resort, as well as a series of Ontario land deals that involved the Sorbara Group.

2. (U) Sorbara had asked in February 2004 to be relieved of his responsibilities for oversight of the Ontario Securities Commission (OSC) when he first learned that he might be the subject of an OSC investigation in connection with Royal Group Technologies in early 2004; he was cleared at that time of any wrongdoing by the province's Integrity Commissioner Coulter Osbourne. Sorbara will be replaced by Dwight Duncan, the current energy minister; and Donna Cansfield, currently Duncan's parliamentary assistant, will take on the Energy portfolio.

3. (SBU) Comment: This will be the third provincial minister (Minister of Transportation Harinder Takhar and Minister of Economic Development and Trade Joseph Cordiano) to come under a cloud for Premier McGuinty, who prides himself on maintaining a squeaky clean image. Sorbara was well qualified for his position - often called "the smartest man" and "most powerful minister" in the cabinet - and a personal confidante of Premier McGuinty, having served as party president, campaign chair, and architect of the Liberal landslide victory two years ago. His resignation is viewed as being in the British tradition of stepping down in the face of allegations that could reflect negatively upon the government. The investigation could take years to complete and, so far, nothing has been proven in court. John Tory, the provincial Progressive Conservative leader who is neck-in-neck with McGuinty in the polls and New Democratic leader Howard Hampton had called for Sorbara's resignation earlier in the day. McGuinty will next face election on October 4, 2007; Ontarians have proved to have a short memory of their politicians' failings.

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